

SUMMARY ANALYSIS OF PUBLIC LAW 87-198

PART I

Chapter 1 - Short Title and Policy

Sec. 101. This part of the Foreign Assistance Act of 1961 may be cited as the "Act for International Development of 1961."

Sec. 102. This is a long statement of congressional policy reciting that the United States will continue to assist other free countries to help them maintain their freedom.

Chapter 2 - Development Assistance

Title 1 - Development Loan Fund

Sec. 201. (a) Authorizes the President to establish a fund known as the "Development Loan Fund" to be used by the President to make loans pursuant to authority in Title 1.

(b) This section authorizes the President to make loans on appropriate conditions and establishes certain criteria.

Sec. 202. (a) This section authorizes to be appropriated to the President for purposes of Title 1, \$1,200,000,000 for fiscal year 1962 and \$1,500,000,000 for each of the next four (4) succeeding years which sums shall remain available until expended.

(b) This is the section which authorizes the President, where he determines it necessary for long-term plans and programs of development assistance to enter into agreements committing funds under this Title subject only to the annual appropriation of the actual funds.

(c) Where such agreements involve funds yet to be appropriated the President is required to notify the Foreign Relations and Appropriations Committees of the Senate and the Speaker of the House of Representatives of terms of such agreement.

Sec. 203. Receipts from loans made under this Title are made available for further use and remain available until expended.

Sec. 204. The President is required to establish an interagency Development Loan Committee consisting of officers from various agencies of the Government. Where such officers have not been appointed by the President with the consent of the Senate, it is required that their names be submitted for confirmation. This Committee is to establish standards and criteria for lending operations.

Title II - Development Grants and Technical Cooperation

Sec. 211. This authorizes the President to promote the economic development of less developed friendly countries and areas through development grants and technical cooperation.

Sec. 212. This section authorizes to be appropriated to the President for the purposes of section 211 for fiscal 1962 a sum not to exceed \$300,000,000 which shall remain available until expended.

Sec. 213. The President is authorized to use not to exceed \$2,000,000 of the funds available for the purposes of section 211 for assistance to promote the peaceful uses of atomic energy outside the United States.

Sec. 214 (a) The President is authorized to use, in addition to other funds available for such purposes, funds made available for the purposes of section 211 for assistance to schools and libraries outside the United States founded or sponsored by United States citizens serving as study and demonstration centers for ideas and practices of the United States.

(b) The President is authorized to use foreign currencies accruing to the United States Government under any law for the purposes of subsection (a) above and for assistance to hospitals outside the United States founded or sponsored by United States citizens and serving as centers for medical treatment, education, and research.

Sec. 215. It was declared to be the policy to assist associations of operators of small farms by making loans not to exceed \$25,000 in any case and an over-all limitation of unpaid balances of all such loans not to exceed \$10,000,000.

Title III - Investment Guaranties

Sec. 221 (a) The President is authorized to issue guaranties to United States citizens, corporations, or partnerships to assist private enterprise in developing less developed friendly countries and areas. Each project shall be approved by the President.

(b) Guaranties outstanding at any one time shall not exceed \$1,000,000,000.

Sec. 222. Fees shall be charged for each guaranty in an amount to be determined by the President and all fees collected will remain available for expenditure in discharge of liabilities under guaranties.

Sec. 224. In order to stimulate private home ownership and assist in developing stable economies, the authority of this Title should be used for development in the American Republics of self-liquidating pilot housing projects. Guaranties under this section shall not exceed \$10,000,000 at any one time.

Title IV - Surveys of Investment Opportunities

Sec. 231. The President is authorized to participate in the financing of surveys by private enterprise of investment opportunities in less developed friendly countries and areas up to 50% of the total cost. Each survey shall be approved by the President.

Sec. 232. It is authorized to be appropriated to the President for fiscal 1962 for the purposes of this Title not to exceed \$5, 000, 000 which shall remain available until expended.

Chapter 3 - International Organizations and Programs

Sec. 301. The President is authorized to make contributions on a grant basis to international organizations.

Sec. 302. There is authorized to be appropriated to the President for use in addition to funds available under any other act for such purposes for fiscal 1962 to carry out the purposes of this Chapter not to exceed \$153, 500, 000.

Chapter 4 - Supporting Assistance

Sec. 401. General Authority. - The President is authorized to furnish assistance to friendly countries, organizations, and bodies eligible to receive assistance under this part on such terms and conditions as he may determine, in order to support or promote economic or political stability.

Sec. 402. Authorization. - There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1962 to carry out the purposes of this Chapter not to exceed \$465, 000, 000 which shall remain available until expended.

Chapter 5 - Contingency Fund

Sec. 451. Contingency Fund. - (a) There is hereby authorized to be appropriated to the President for the fiscal year 1962 not to exceed \$300,000,000 for use by the President for assistance authorized by Part I in accordance with the provisions applicable to the furnishing of such assistance, when he determines such use to be important to the national interest.

(b) The President shall keep the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Speaker of the House of Representatives currently informed of the use of funds under this section.

PART II

Chapter 1 - Short Title and Policy

Sec. 501. This part cited as the "International Peace and Security Act of 1961."

Sec. 502. This section states the policy of the Congress to continue military assistance to friendly countries and international organizations.

Chapter 2 - Military Assistance

Sec. 504. There is authorized to be appropriated to the President for use beginning in fiscal years 1962 and 1963 to carry out the purpose of this Part, not to exceed \$1,700,000,000 for each such fiscal year which sums remain available until expended.

Sec. 506. Specific conditions of eligibility of military assistance on a grant basis are spelled out.

Sec. 510. During fiscal year 1962 the President may order defense items from stocks of the Department of Defense for purposes of Part II, subject to subsequent reimbursement from subsequent appropriations available for military assistance. The value of such orders shall not exceed \$300,000,000. Prompt notice of action taken under this section shall be given to the Committee on Foreign Relations, Appropriations and Armed Services of the Senate and the Speaker of the House of Representatives.

Sec. 511. (a) The value of grant programs of defense articles for American Republics contained in this part in any fiscal year beginning with 1962 shall not exceed \$57,500,000.

(b) Internal security requirements shall not, unless the President determines otherwise and promptly reports such determination to the Senate Committee on Foreign Relations and to the Speaker of the House of Representatives, be the basis for military assistance programs for American Republics.

PART III

Chapter 1. - General Provisions

Sec. 610. Whenever determined necessary by the President, not to exceed 10 per cent of the funds made available for any provision of this Act may be transferred to and made available for any other provision of this Act except that the total in the provision for the benefit of which the transfer is made shall not be increased by more than 20 per cent of the funds made available for such a provision.

Sec. 611. Accounting, Valuation, and Reporting of Foreign Currencies. Secretary of the Treasury is vested with the responsibilities for evaluation and central accounting with respect to foreign currencies, owed to or owned by the United States. The Secretary is authorized to issue regulations

binding upon all agencies. The Secretary of the Treasury is also given sole authority to establish exchange rates for all foreign currencies to be used in reporting by all agencies. It further provides for each agency to report to the Treasury semiannually an inventory of foreign currencies which reports are then to be consolidated and presented to the Congress.

Sec. 614. Special Authorities. - (a) In each fiscal year the President may authorize the use of funds made available under this Act in the total amount not to exceed \$250,000,000 and the use of not to exceed \$100,000,000 of foreign currencies accruing under this Act or any other law without regard to the requirements of this Act or any other law relating to receipts and credits accruing to the United States. Not more than \$50,000,000 of the funds available under this subsection may be allocated to any one country in any one fiscal year.

(b) The President may use the funds available for the purposes of Chapter 4 of Part I to meet the responsibilities of the United States in Germany, including West Berlin, without regard to such provisions of law as he determines should be disregarded to achieve this purpose.

(c) The President is authorized to use amounts not to exceed \$50,000,000 of the funds made available under this Act pursuant to his certification that it is inadvisable to specify the nature of the use of such funds, which certification shall be deemed to be a sufficient voucher for such amounts.

Sec. 615. Provisions of this Act authorizing the appropriation of funds shall be construed as the authority to create obligations in advance of appropriations within the amounts so authorized to be appropriated.

Sec. 620. (a) No assistance shall be furnished under this Act to the present government of Cuba. As an individual means of implementing and carrying into effect the policy of the preceding sentence, the President is authorized to establish and maintain a total embargo upon all trade between the United States and Cuba.

(b) No assistance shall be furnished under this Act to the government of any country unless the President determines that such country is not dominated or controlled by the international Communist movement.

Chapter 2 - Administrative Provisions

Sec. 621. Exercise of Functions. - This section provides that the President may exercise the functions conferred upon him by the Act through each agency or officer of the U. S. Government as he shall direct. (This is of special interest in that this theme runs throughout the Act namely it does not establish a new Government agency on a statutory basis, it simply provides that the President may direct that the functions under the Act shall be carried out by such agency or officer as he may determine.) This section provides for abolition of the Development Loan Fund and the International Cooperation Administration when a new agency takes on the functions.

Sec. 622. Coordination with Foreign Policy. - This section provides that all action shall be properly coordinated with the Secretary of State who shall be responsible for continuous supervision and general direction of the assistance programs including whether or not there shall be a military assistance program for a country.

Sec. 624. Statutory Officers. - (a) This section authorizes the President to appoint by and with the advice of the Senate, twelve officers in some agency responsible for administering Part I.

(1) One shall have rank and compensation of an Under Secretary;

(2) Two shall be rank and compensation of a Deputy Under Secretary of an executive department;

(3) Nine shall have rank and compensation of Assistant Secretaries.

(c) (1) There is established in the Department of State an "Inspector General, Foreign Assistance," appointed by the President with Senate confirmation. In addition, there is one

Deputy Inspector General, Foreign Assistance, and two Assistant Inspector Generals, Foreign Assistance, who shall be appointed by the President. The Inspector General shall receive compensation of \$20,000 per annum, the Deputy Inspector General at \$19,500 and each Assistant at \$19,000.

(2) Inspector General reports directly to the Secretary of State and his duties are specified.

(6) The Inspector General is authorized to suspend all or any part of any project or operation (but not a country program) with respect to which he is conducting an inspection with prior written notice to the Secretary of State.

(7) The expenses of the Inspector General are subject to what is known as the Hardy Proviso (or perhaps the Dick Bray Proviso) which prohibits expenditures after a 35-day period after General Accounting Office or any committee of Congress requests the Secretary of State, in writing, to furnish any particular document or paper relating to the Inspector General's activities until such document has in fact been presented or the President personally certifies that he has forbidden furnishing of the document and his reason for so doing. The Inspector General is given \$2,000 per year of confidential funds.

Sec. 625. Employment of Personnel. - (b) Within the U. S. to carry out Part I or to coordinate Part I and Part II, seventy-six people may be appointed, compensated or removed without regard to the provisions of any law. Fifty-one of these may be at rates higher than Grade GS-15 and of these fifty-one, eight may be paid up to \$19,000. With respect to these seventy-six positions, it is provided that under Presidential regulations, employees of other Government agencies who are appointed to such positions are entitled upon removal from such position to reinstatement in their previous position or position of comparable grade and salary.

(c) With respect to personnel to carry out Part II, eight may be at grades higher than GS-15 and of these three may be paid up to \$19,000.

(d) (1) Outside the U. S., individuals may be employed and receive compensation at rates provided by the Foreign Service Act together with the allowances and benefits thereunder. These individuals who are appointed on a basis of Foreign Service Reserve are entitled to reinstatement benefits with other Government agencies in accordance with Sec. 528 of the Foreign Service Act.

(2) It is again provided that persons appointed for service abroad are entitled to all the benefits of the Foreign Service Act.

(e) The President can prescribe standards and other criteria for maintaining adequate performance levels for people employed outside the U. S. In such cases the President may, notwithstanding any other law, but subject to an appropriate administrative appeal, separate employees who fail to meet such standards or other criteria. Such personnel may be granted personnel severance benefits of one month's salary for each year's service, but not to exceed one year's salary.

Sec. 626. Experts, Consultants, and Retired Officers. -

(b) Individuals employed as consultants are exempted from certain provisions of conflict of interest law statutes and are exempted entirely from the dual compensation statutes.

(c) Retired military officers are exempted from the dual office holding statute but are required to elect retired pay or salary. (CIA statute only authorizes 15 such positions.)

Sec. 631. Missions and Staff Abroad. - (b) The Chief and Deputy Chief of Missions abroad dealing with Part I shall be appointed by the President and may, notwithstanding any other law, be removed by the President at his discretion. Where approved by the President, Chief of Mission may receive compensation allowances of a Chief of Mission Class 3, \$22,500 salary per annum or Chief of Mission Class 4, \$20,000 salary per annum or lower Foreign Service salary.

Sec. 632. Allocation and Reimbursement Among Agencies. -

The President is authorized to allocate or transfer to any agency of the U. S. Government any part of any funds available for carrying out the provisions of the Act. Such funds will be available from obligation

expenditure for the purposes authorized under this Act or under authority governing the activities of the agencies of the U. S. Government to which such funds are allocated or transferred. (Funds transferred under this authority to CIA could be expended utilizing CIA authority.)

Sec. 633. Waivers of Certain Laws. - (a) When determined by the President the functions authorized under the Act may be performed without regard to provisions of law (other than the Renegotiation Act of 1951) regulating the making, performance, amendment, or modification of contracts and the expenditure of Government funds as the President may specify.

(c) Military personnel may be assigned or detailed to any civil office to carry out this Act notwithstanding the statutory prohibitions on military personnel being assigned to civil office. //

Sec. 634. Reports and Information. - (c) Again we have the Porter Hardy Proviso applicable to any funds under the Act cutting off funds after the Congress or GAO requests documents and they are not furnished unless the President personally intervenes. (See similar provisions applicable to the Inspector General.)

(d) Each year the President shall notify the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Speaker of the House of Representatives where expenditures were made substantially different from the presentation to the Congress. In addition, the President is required to notify the same committees of certain determinations required under specified sections.

Sec. 635. General Authorities. - (d) The President is authorized to accept and use money, property and services made available by gift, devise, bequest or grant.

(g) With respect to loans made under the Act, the President may collect or compromise any obligations or he may refer any such obligations or rights to the Attorney General for action. //

(h) Contracts or agreements for commitments for the expenditure of funds under Titles II and V of Chapter 2 of Part I and under Part II may extend for not more than five years.

(i) Claims arising out of investment guaranty operations may be settled or may be arbitrated under conditions as the President directs. Payments made pursuant to such settlements or as a result of an arbitration award shall be final and conclusive notwithstanding any other provision of law.

Sec. 636. Provisions on Uses of Funds. - (a) Appropriations for Part I purposes shall be available.

(6) Funds are available for entertainment not to exceed \$25,000 per year.

(8) Expenditures up to \$50,000 on a confidential funds basis.

(9) Insurance of motor vehicles and aircraft required for use in foreign countries.

(10) Rent or lease outside the U. S. not to exceed ten years of offices, buildings and living quarters.

(14) Use in accordance with the authorities of the Foreign Service Act of 1946 not otherwise provided for (this probably seems superfluous but somebody wanted to make real sure).

(17) Travel expenses for personnel to include cost of transporting automobiles to and from a place of storage and the cost of storing automobiles when it is in the public interest or more economical to authorize storage. (This is an authority the Agency would like to have.)

(b) Hidden in general language authorizing funds for salaries and allowances and printing and binding it is provided that funds may be used for expenditure outside the U. S. for the procurement of supplies and services and for other administrative and operating purposes

without regard to such laws and regulations governing the obligations and expenditure of Government funds as may be necessary to accomplish the purpose of this Act. (This is what we know as complete double .002 authority, that is while the funds are vouchered and reviewed by GAO, there is no basis on which exceptions can be taken since all laws may be waived not only as to expenditure but also as to obligations.)

(c) Up to \$3,000,000 can be used for schools and hospitals for use of personnel carrying out activities under the Act and other U. S. Government personnel and their dependants. //

(e) This is a general provision authorizing training costs of personnel at external institutes. In addition, authorizes training for individuals who are not in fact employees.

(g) Funds under Part II (Military Assistance) are available for reimbursement of actual expenses of military officers assigned as tour directors in connection with orientation visits of foreign military personnel.

PART IV

Sec. 700. Consists of a series of amendments to the Foreign Service Act justified in the reports on the basis that AID people would need some of these authorities.

(1) Section 701 of the Foreign Service Act where the Foreign Service Institute is authorized to give orientation and language training to spouses of officers and employees is broadened to include members of the family and specifically authorizes such training abroad.

(3) Section 911 of the Foreign Service Act is amended by adding a new section (9) which provides for rest and recuperation leave for employees and members of their family. A new section (10) authorizes travel expenses of members of the family under certain conditions to accompany him on temporary duty assignments.

(4) The home leave provisions of the Foreign Service are amended to provide for statutory leave of absence in the U. S. upon completion of 18 months continuous service abroad and as soon as possible after completion of three years service abroad.

(5) Section 942 of the Foreign Service Act authorizing transportation of officers and their dependents where an illness or injury requires hospitalization has been modified to change the requirement relating to the nonavailability of a suitable hospital or clinic to simply nonavailability of "no qualified person or facility" to provide "medical care" and there has been deleted the requirement of hospitalization.

SPECIAL NOTE: All of these provisions amending the Foreign Service Act are of interest to CIA and the Agency should consider seeking legislation on each of the points.

STATINTL

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